Supreme Court, U.S.
FILED
JAN 14 2011
OFFICE OF THE CLERK

No. 10-499

In The
Supreme Court of the United States

LANDMARK SCREENS, LLC,

Petitioner,

v.

MORGAN, LEWIS & BOCKIUS LLP
and THOMAS D. KOHLER,

Respondents.

On Petition for a Writ of Certiorari to the California Court of Appeal Sixth Appellate District

RESPONDENTS' BRIEF IN OPPOSITION

STEVEN A. HIRSCH
Counsel of Record
KEKER & VAN NEST, LLP
710 Sansome Street
San Francisco, California 94111
(415) 391-5400
shirsch@kvn.com

Counsel for Respondents

COCKLE LAW BRIEF PRINTING CO. (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTION PRESENTED

Whether claims against a patent lawyer and his law firm that stem from alleged legal malpractice – but require resolution of substantial federal patent law issues – "relat[e] to patents" and thus fall within the exclusive jurisdiction of federal courts under 28 U.S.C. § 1338(a), as courts have uniformly held.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
TABLE OF CONTENTS	ii
TABLE OF AUTHORITIES	iv
STATEMENT	1
I. Factual background	1
II. Proceedings below	3
A. Proceedings in the state trial court	3
B. Proceedings in the federal district court	4
C. Proceedings in the state appellate courts	6
REASONS TO DENY THE PETITION	10
I. The petition presents no important legal issue on which there is conflicting authority	13
A. The shallow split claimed by Landmark is illusory	13
B. The petition seeks review of the fact-bound application of settled legal principles	17
II. Landmark offers no other sound basis for further review	20

TABLE OF CONTENTS – Continued

Page

A. The decision below respects the proper balance of federal and state interests struck by this court in *Grable* 20

B. There is no uncertainty in the law requiring clarification by this Court and no need for this Court's review now 23

CONCLUSION 26

TABLE OF AUTHORITIES

Page

CASES

Aetna Life Ins. Co. v. *Haworth*, 300 U.S. 227 (1937) 19

Air Measurement Technologies, Inc. v. *Akin Gump Strauss Hauer & Feld, LLP*, 504 F.3d 1262 (Fed. Cir. 2007) 9, 16, 17, 22

Carter v. *ALK Holdings, Inc.*, 605 F.3d 1319 (Fed. Cir. 2010) 22

Christianson v. *Colt Industries Operating Corp.*, 486 U.S. 800 (1988) ..... *passim*

Danner, Inc. v. *Foley & Lardner LLP*, 2010 U.S. Dist. LEXIS 63590 (D. Ore. 2010) 17

Davis v. *McDowell*, No. 09-1413 (cert. denied Oct. 4, 2010) 25

Eddings v. *Glast, Phillips & Murray*, 2008 U.S. Dist. LEXIS 48589 (N.D. Tex. 2008) 16

Elsner v. *Uveges*, 34 Cal.4th 915 (2004) 22

GAF Building Materials Corp. v. *Elk Corporation of Dallas*, 90 F.3d 479 (Fed. Cir. 1996) 19

Genelink Biosciences, Inc. v. *Colby*, 2010 U.S. Dist. LEXIS 66177 (D.N.J. 2010) 16

Grable & Sons Metal Products, Inc. v. *Darue Engineering & Mfg.*, 545 U.S. 308 (2005) ..... *passim*

Holiday Matinee, Inc. v. *Rambus, Inc.*, 118 Cal.App.4th 1413 (2004) 23

Immunocept, LLC v. *Fulbright & Jaworski LLP*, 504 F.3d 1281 (Fed. Cir. 2007) 9, 16, 17

TABLE OF AUTHORITIES – Continued

Page

Landmark Screens, LLC v. *Morgan, Lewis & Bockius LLP*, 2010 U.S. Dist. LEXIS 95735 (N.D. Cal. 2010) 2

Linear Technology Corp. v. *Applied Materials, Inc.*, 159 Cal.App.4th 115 (2007) 23

Lockwood v. *Sheppard, Mullin, Richter & Hampton*, 173 Cal.App.4th 675 (2009) 23

New Tek Manufacturing, Inc. v. *Beehner*, 270 Neb. 264 (2005) ("*New Tek I*") 14, 15

New Tek Manufacturing, Inc. v. *Beehner*, 275 Neb. 951 (2008) ("*New Tek II*") 14

Roof Technical Services, Inc. v. *Hill*, 679 F.Supp.2d 749 (N.D. Tex. 2010) 17

Singh v. *Duane Morris LLP*, 538 F.3d 334 (5th Cir. 2008) 13, 14

Taylor v. *Kochanowski*, 2008 U.S. Dist. LEXIS 20430 (E.D. Mich. 2008) 16

The Fair v. *Kohler Die & Specialty Co.*, 228 U.S. 22 (1913) 25

Viner v. *Sweet*, 30 Cal.4th 1232 (2003) 7

Warrior Sports, Inc. v. *Dickinson Wright P.L.L.C.*, 666 F.Supp.2d 749 (E.D. Mich. 2009) 16

Warrior Sports, Inc. v. *Dickinson Wright, P.L.L.C.*, No. 2010-1091 (Fed. Cir. Jan. 11, 2011) 9, 15

TABLE OF AUTHORITIES – Continued

Page

STATUTES

28 U.S.C. § 1295(a) 12

28 U.S.C. § 1338 ..... *passim*

28 U.S.C. § 1338(a) ..... *passim*

35 U.S.C. § 102 15

35 U.S.C. § 102(b) 15

35 U.S.C. § 103(a) 15

35 U.S.C. § 112 15

35 U.S.C. § 121 1

California Code of Civil Procedure § 430.40(b) 24

California Code of Civil Procedure § 430.50(b) 24

Declaratory Judgments Act, 28 U.S.C. § 2201 19

STATEMENT

Petitioner Landmark Screens, LLC seeks review of an intermediate state-court decision that is merely the latest in a series of cases holding that, when the plaintiff in a legal-malpractice case asserts a claim requiring resolution of a substantial issue of federal patent law, the case arises under federal law and is subject to the exclusive jurisdiction Congress conferred on federal courts in cases "relating to patents." *See* 28 U.S.C. § 1338(a).

I. Factual background

Landmark Screens developed an "electronic billboard" with a two-sided display for operation along the highways. Pet. App. 2a. In November 2000, Landmark hired Respondent Thomas Kohler – a patent-law expert and then a partner in the Pennie & Edmonds law firm – to seek patent protection for Landmark's invention. *Id.* at 2a-3a.

In January 2002, Kohler filed a patent application with the United States Patent and Trademark Office ("PTO") that included 72 claims pertaining to different aspects of the billboard. Pet. App. 3a. In May 2003, the PTO determined that the patent application addressed multiple inventions and should be restricted to only one. *See* 35 U.S.C. § 121 (authorizing the PTO to restrict a patent application to a single invention). Kohler thus pursued some of the claims in the original application, and refiled the others in what is called a "divisional" application. *Ibid.*

A proper divisional application resubmits for separate PTO evaluation some of the claims contained in an earlier application. If the divisional application is granted, and a patent issues, protection for the invention extends back to the earlier application date, rather than to the date of the later-filed divisional application.

In February 2004, Kohler left Pennie & Edmonds and joined Morgan, Lewis & Bockius LLP. Pet. App. 4a. The PTO notified Kohler that the divisional application was incomplete. *Ibid.* Without informing Landmark, Kohler sought to convince the PTO to extend the date of the divisional application back to the earlier date of the original application. *Ibid.* The PTO refused and gave the divisional application an August 23, 2004 filing date – the date on which Kohler submitted the missing parts of the divisional application. *Ibid.*

A reissue patent eventually issued. It is broad enough to cover some of the claims included within the divisional application (Pet. 5 n.1),[1] but Landmark nonetheless contends that it lost "valuable and pioneering patent rights" and licensing opportunities as a result of alleged errors by Kohler. Pet. App. 5a.

---

[1] *See Landmark Screens, LLC* v. *Morgan, Lewis & Bockius LLP*, 2010 U.S. Dist. LEXIS 95735 *14 (N.D. Cal. 2010) ("the reissue patent claims are significantly broader than and inclusive of the 'lost' divisional application claims").

II. Proceedings below

A. Proceedings in the state trial court.

In November 2005, Landmark filed suit in California state court against Pennie & Edmonds, Morgan Lewis, and Kohler in his capacity as a partner at each firm. Pet. App. 5a. Landmark asserted claims under California law for legal malpractice, negligence, and breach of fiduciary duty. *Ibid.*

Landmark's malpractice and negligence claims alleged that it lost "valuable and pioneering patent rights" because Kohler failed to draft the patent claims properly; failed to file a complete divisional application or to correct the application's inadequacies; and failed to inform Landmark about the status of the divisional application. Pet. App. 5a.

The fiduciary-duty claim alleged that respondents breached fiduciary duties owed to Landmark "by failing to properly and diligently perform legal services for Landmark and by intentionally concealing and failing to fully and properly inform Landmark of the status of the . . . divisional application and [the] [p]etition to the PTO." *Ibid.*

Kohler's conduct allegedly prevented Landmark from taking other, unspecified actions that would have restored the January 2002 filing date and any attendant patent rights.

In September 2006, the trial court granted a motion to compel arbitration pertaining to the work Kohler had performed while at Pennie & Edmonds.

Pet. App. 6a. The trial court stayed the action pending arbitration. *Ibid.* In March 2008, the case against Pennie & Edmonds and against Kohler in his prior capacity as a partner there settled and the stay was lifted. *Ibid.*

The next month, Morgan Lewis and Kohler (in his capacity as a partner of that firm) filed a demurrer seeking to dismiss all three of Landmark's causes of action for lack of subject-matter jurisdiction. Pet. App. 6a.

Specifically, the demurrer argued that because Landmark's claims would require the state court to resolve substantial issues of federal patent law, the state court lacked jurisdiction over Landmark's suit under 28 U.S.C. § 1338(a), which vests jurisdiction over claims that "relat[e] to patents" exclusively in the federal courts. The trial court agreed, sustained the demurrer, and dismissed Landmark's claims. Pet. App. 6a.

B. Proceedings in the federal district court.

On the day the trial court entered its order sustaining the demurrer, Landmark filed suit against Kohler and Morgan Lewis in federal court. Pet. App. 6a. The complaint asserted the same three causes of action as in the state litigation, and added claims for breach of contract and fraud. *Ibid.* The operative federal complaint asserted the same three causes of action as the dismissed state-court complaint, and added claims for breach of contract and fraud. *Id.*

The district court concluded that Landmark's first four claims were barred by the statute of limitations and that Landmark had failed to state a fraud claim. The court dismissed the complaint with leave to amend to allege additional facts concerning fraud and to allege an equitable-estoppel theory of recovery.

The district court concluded that Landmark's first four claims were barred by the statute of limitations and dismissed them (with leave to amend to allege an equitable estoppel theory of recovery). Pet. App. 7a. Of particular relevance here, the district court concluded that respondents' challenge to the state court's subject-matter jurisdiction was not unforeseeable under the law existing before 2005, when Landmark filed its suit in state court, and thus Landmark was not entitled to tolling on that basis. *Ibid.*

"Indeed," the district court observed, Landmark's "claim for malpractice in a patent prosecution *necessarily requires* a counterfactual analysis of whether a patent might have issued absent the alleged malpractice, and what rights it would have conferred." *Ibid.* (emphasis added). The district court did, however, permit Landmark to proceed on its fraud claim, and on an equitable-estoppel theory as to the other claims. *Ibid.*

In January 2009, the district court dismissed the nonfraud claims in Landmark's second amended complaint and rejected Landmark's equitable-estoppel theory. The district court declined to dismiss Landmark's claim for fraudulent concealment, however, and that claim remains pending. Pet. 5 n.1.

C. Proceedings in the state appellate courts.

The state court of appeal affirmed the trial court's judgment that it lacked subject-matter jurisdiction over Landmark's claims because they "relat[e] to patents" under 28 U.S.C. § 1338(a), which vests exclusive jurisdiction over such claims in federal courts.

The court began its analysis by observing that in *Christianson* v. *Colt Industries Operating Corp.*, 486 U.S. 800 (1988), this Court held that federal courts have exclusive jurisdiction under § 1338 in two circumstances:

> [When] a well-pleaded complaint establishes *either* that federal patent law creates the cause of action *or* that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims.

486 U.S. at 809 (emphasis added); *see also Grable & Sons Metal Products, Inc.* v. *Darue Engineering & Mfg.*, 545 U.S. 308, 314 (2005) ("[T]he question is, does a state-law claim necessarily raise a stated federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities."). The court of appeal acknowledged that respondents were not suggesting that Landmark's suit "arises out of"

federal patent law, as legal malpractice is "unquestionably" a state-law claim. Pet. App. 10a. Rather, respondents were relying "on the second prong of the *Christianson* test, as they maintain that the issues cannot be decided without addressing a substantial question of federal patent law." *Ibid.*

The court of appeal agreed, noting that to state a claim for legal malpractice or professional negligence under California law, the plaintiff must establish: (1) the duty of the attorney to use such skill, prudence, and diligence as members of the profession commonly possess and exercise; (2) a breach of that duty; (3) a proximate causal connection between the breach and the resulting injury; and (4) actual loss or damage resulting from the negligence. Pet. App. 15a-16a. The court reasoned that the third and fourth elements, in particular, present substantial patent issues here because they require Landmark to show that "'*but for* the alleged malpractice, it is more likely than not that the plaintiff would have obtained a more favorable result.'" *Id.* at 16a (quoting *Viner* v. *Sweet*, 30 Cal.4th 1232, 1242 (2003)) (emphasis in original). That means, the court of appeal explained, that Landmark's claims would require a court to determine whether "but for" respondents' errors, Landmark "would not have lost 'valuable and pioneering patent rights.'" *Ibid.* (quoting Landmark's complaint).

Landmark's complaint further alleged, the court of appeal observed, that "but for" respondents' alleged errors, Landmark's "'divisional patent for the electronic billboard would have been afforded the benefit

of the filing date of the application for the '574 patent, thus preserving and providing to Landmark valuable patent rights to the invention.'" Pet. App. 16a n.4 (quoting Landmark's complaint). "Accordingly," the court of appeal concluded, "the showing required of Landmark goes beyond the question of whether respondents' concealment and deception amounted to malpractice." Pet. App. 16a.

The court of appeal noted that even Landmark "acknowledge[d] that its success would derive from 'demonstrating that [respondents'] concealment closed the door on Landmark's opportunity to pursue patent rights for its pioneering invention.'" Pet. App. 16a-17a (quoting Landmark's complaint). Thus, the court of appeal concluded, "[t]he nature and extent of those patent rights present a substantial issue of federal patent law that is properly adjudicated in federal court." *Id.* at 17a. On that basis, the court of appeal affirmed the judgment in respondents' favor.

The court of appeal also rejected Landmark's argument that affirming the judgment would unfairly leave it without a remedy. Pet. App. 23a-24a. The court noted that Landmark's predicament was of its own making, because when Landmark filed its state-court action in late 2005 "there was sufficient authority suggesting that federal court would be the proper forum for resolution of the issues raised." *Id.* at 23a (citing *Holiday Matinee, Inc.* v. *Rambus, Inc.*, 118 Cal.App.4th 1413, 1426-27 (2004) (applying this Court's decision in *Christianson* to hold that even though a consumer class-action complaint did not

allege patent infringement or fraud on the PTO, state-law anticompetitive conduct claims necessarily put the enforceability and validity of the defendant's patents at issue)).[2] And, the court of appeal added, "Pennie & Edmonds alerted Landmark to the issue of subject-matter jurisdiction in its answer, only two months after the first amended complaint was filed." *Ibid.* Accordingly, "[l]ike the [federal] district court," the state court of appeal was "not convinced that Landmark was deprived of its ability to file a timely action in federal court." *Ibid.*

Landmark filed a petition for rehearing, which was denied. It then filed a petition for review in the California Supreme Court, which was denied.

---

[2] Since then, the law has become even clearer, as the Federal Circuit repeatedly has reaffirmed that exclusive federal patent-law jurisdiction extends to state legal-malpractice suits alleging that a client would have obtained more extensive patent rights *but for* an attorney's negligence in prosecuting the client's patent application. *See Warrior Sports, Inc.* v. *Dickinson Wright, P.L.L.C.*, No. 2010-1091 (Fed. Cir. Jan. 11, 2011); *Air Measurement Technologies, Inc.* v. *Akin Gump Strauss Hauer & Feld, LLP*, 504 F.3d 1262 (Fed. Cir. 2007); *Immunocept, LLC* v. *Fulbright & Jaworski LLP*, 504 F.3d 1281 (Fed. Cir. 2007). Contrary to Landmark's suggestions, there is nothing untoward about those decisions – they are straightforward applications of this Court's decisions in *Christianson* and *Grable*.

REASONS TO DENY THE PETITION

Landmark seeks review of an intermediate state court decision that is merely the latest in a series of cases holding that where, as here, a plaintiff in a legal malpractice case asserts a claim that requires the court to resolve one or more substantial issues of federal patent law, the case arises under federal law and is subject to the exclusive jurisdiction that Congress conferred on federal courts under 28 U.S.C. § 1338(a) in cases "relating to patents." Contrary to Landmark's assertions, there is no conflict for this Court to resolve. The intermediate state court simply (and correctly) applied settled legal principles to the facts of this case. At most, the petition seeks fact-bound error correction and should be denied for that reason alone.

Contrary to Landmark's dire pronouncements, the lower courts have uniformly recognized that exclusive federal jurisdiction does not extend to patent malpractice claims *as a class*. Rather, faithfully applying this Court's decisions in *Christianson* and *Grable*, the lower courts have consistently held that federal jurisdiction is exclusive under § 1338 only where, as here, a "well-pleaded complaint establishes *either* that federal patent law creates the cause of action *or* that the plaintiff's right to relief *necessarily depends on resolution of a substantial question of federal patent law*, in that patent law is a necessary element of one of the well-pleaded claims." 486 U.S. at 808-09 (emphases added).

The court below straightforwardly applied *Christianson* and concluded that resolving Landmark's state-law malpractice claims would require the determination of several substantial issues of patent law. That conclusion creates no conflict and is correct besides. Most significantly, Landmark's state-law claims would require the state court to determine, at a minimum: (1) Whether a reasonable patent examiner would have granted a January 2002 filing date for the divisional patent application if respondents had acted differently in June 2004; and (2) Whether, even with a January 2002 filing date, a reasonable patent examiner would have found that Landmark's divisional claims met the statutory requirements for patentability. Those complex patent issues are integral elements of Landmark's case-in-chief: And they are hardly "hypothetical," as Landmark claims. Rather, under California law, they are essential, gateway determinations that must be made for Landmark to prevail.

The decision below is thus no "over-reaching grasp in expanding exclusive federal jurisdiction over attorney malpractice claims," as Landmark asserts. *See* Pet. App. 12. It is a straightforward application of the well-settled principle articulated by this Court in *Christianson* that where state-law claims would require a state court to address substantial issues of federal patent law – here, by deciding whether patent rights were indeed lost and, if so, whether a skilled federal patent law practitioner had a duty under patent law to act differently – the claims "relate to

patents" and federal jurisdiction is thus exclusive under § 1338.

The decision below thus marks no "sea change" in the law, but adheres to the principles announced by this Court well before Landmark mistakenly filed its suit in state court. There is no need for this Court to clarify rules that were clear enough for two courts – one state and one federal – to conclude that Landmark's predicament is of its own making, because it was foreseeable before Landmark filed suit that its claims belonged in federal court.

Nor does the decision below somehow offend federalism principles. Congress chose to bring the expertise of the federal judiciary to bear on patent issues and provide uniformity in the rules developed by conferring exclusive jurisdiction on federal district courts under 28 U.S.C. § 1338(a), and exclusive appellate jurisdiction on the U.S. Court of Appeals for the Federal Circuit under 28 U.S.C. § 1295(a). There is no dispute – as the court below recognized – that federal jurisdiction does not extend to all malpractice suits involving patents, but only to those that raise at least one substantial issue of patent law. Here, it is state law itself that would require the court to address substantial issues of patent law in resolving Landmark's claims. So it can hardly be said that the decision below somehow upsets the federalism balance struck by this Court in *Christianson*.

There is no conflict with this Court's cases (or any others), and no other reason for this Court to

review the state court's application of well-settled legal principles to the particular facts of this case. The petition should be denied.

I. The petition presents no important legal issue on which there is conflicting authority.

A. The shallow split claimed by Landmark is illusory.

Landmark tries to manufacture a split in authority where none exists. The purported "conflict" that Landmark identifies at most reflects the fact-bound application of settled legal rules in different settings.

Landmark claims (at Pet. 13) that the decision below conflicts with the Fifth Circuit's decision in *Singh* v. *Duane Morris LLP*, 538 F.3d 334, 339 (5th Cir. 2008), but there is no conflict because *Singh* is distinguishable. *Singh* involved attorney malpractice under *trademark* law, not patent law. The Fifth Circuit recognized the importance of that distinction, stating that "holding[s] regarding malpractice in a patent suit" did not apply in *Singh*, which involved "malpractice in a trademark suit." *Id.* at 340. As the Fifth Circuit explained, the distinction is important because the federal interest in patent cases may be "sufficiently more substantial, such that it might justify federal jurisdiction, when a similar result would not be appropriate where trademark issues are concerned." *Ibid.*

Indeed, federal interests are greater in patent matters because Congress made federal jurisdiction over patent controversies exclusive (28 U.S.C. § 1338(a)), whereas federal jurisdiction over trademark controversies is concurrent. And *Singh* itself acknowledged prior Fifth Circuit precedent holding that a state-law breach-of-contract case arises under federal law when the court must assess whether the defendant infringed patents. *Id.* at 340 n.8 (citing *Scherbatskoy* v. *Halliburton Company*, 125 F.3d 288, 291 (5th Cir. 1997)). So there is no conflict with *Singh*.

Contrary to Landmark's claims, there is no conflict either with *New Tek Manufacturing, Inc.* v. *Beehner*, 270 Neb. 264 (2005) ("*New Tek I*"), 275 Neb. 951 (2008) ("*New Tek II*"). In *New Tek I*, the court recognized that cases like this one – which present substantial patent issues – would fall within exclusive federal jurisdiction under *Christianson*. *See* 270 Neb. at 271 ("federal courts have exclusive jurisdiction in cases in which . . . relief necessarily depends on resolution of a substantial question of federal patent law . . . ").

However, in applying *Christianson* to the facts before it, the Nebraska court concluded that "it is difficult to see how this case arises under federal patent law when on the record before us, the only patent that has been construed, and of which infringement is alleged, has expired." *New Tek I*, 270 Neb. at 272. The correctness of *New Tek*'s narrow "expired patent" exception to § 1338 jurisdiction is

highly debatable. *Cf. Warrior Sports, Inc.* v. *Dickinson Wright, P.L.L.C.*, No. 2010-1091 (Fed. Cir. Jan. 11, 2011) (holding that § 1338 jurisdiction existed over legal-malpractice claim although patent-in-suit had lapsed due to failure to pay maintenance fee). But, regardless of its correctness, a narrow and fact-bound state-court holding furnishes no compelling basis for certiorari review. Here, moreover – unlike in *New Tek* – adjudicating Landmark's malpractice claims would have required the state court to address a host of substantial patent-law issues, including but not limited to the following:

Novelty – Whether the inventions claimed in the divisional application were disclosed in any single document published before the application was filed. *See* 35 U.S.C. § 102;

Prior use – Whether the claimed inventions were in public use more than one year before the patent application was filed. *See* 35 U.S.C. § 102(b);

Non-obviousness – Whether the claimed inventions, even if "novel," nevertheless would have been obvious to a person of ordinary skill in the relevant technical art. *See* 35 U.S.C. § 103(a); and

Enablement – Whether the written specification in the proposed divisional patent would have enabled a person of ordinary skill in the art to make or carry out the invention. *See* 35 U.S.C. § 112.

Thus, far from showing that any conflict exists, Landmark's reliance on *New Tek I* – and on the other

cases it cites – merely supports the unsurprising conclusion that applying the same legal rule to different facts can yield different results.

The federal district-court decisions cited by Landmark confirm this conclusion. As Landmark forthrightly acknowledges, most of them held (as did the court below) that federal jurisdiction was exclusive because the malpractice claims at issue involved substantial patent-law issues. *See* Pet. 22, n.10. Those decisions that reached the opposite conclusion did so on the basis of different facts.[3] District courts have not "reject[ed]" Federal Circuit precedent explaining when federal patent jurisdiction extends over a state malpractice claim. Pet. 15. Rather, for record-based reasons, district courts have found jurisdiction unavailable in particular cases – *e.g.*, "[a]lthough plaintiffs' claims may raise patent law issues, those issues are not 'actually disputed and

---

[3] *See, e.g., Genelink Biosciences, Inc.* v. *Colby*, 2010 U.S. Dist. LEXIS 66177 (D.N.J. 2010) (Federal Circuit's *Air Measurement* and *Immunocept* "cases are distinguishable from the case here. . . ."); *Eddings* v. *Glast, Phillips & Murray*, 2008 U.S. Dist. LEXIS 48589, *11, 12 (N.D. Tex. 2008) (in a "close case" court concludes that patent law is not essential to plaintiffs' claim); *Taylor* v. *Kochanowski*, 2008 U.S. Dist. LEXIS 20430 (E.D. Mich. 2008) (patent issues in malpractice case were already resolved in an earlier federal proceeding). Landmark also cites *Warrior Sports, Inc.* v. *Dickinson Wright P.L.L.C.*, 666 F.Supp.2d 749 (E.D. Mich. 2009), which the Federal Circuit reversed and vacated on January 11, 2011, holding that the district court had erred in dismissing the case for lack of federal jurisdiction.

substantial.'" *Roof Technical Services, Inc.* v. *Hill*, 679 F.Supp.2d 749, 752-53 (N.D. Tex. 2010) (describing the Federal Circuit's *Air Measurement* and *Immunocept* decisions as "factually distinguishable"); *accord*, *Danner, Inc.* v. *Foley & Lardner LLP*, 2010 U.S. Dist. LEXIS 63590 *9-10 (D. Ore. 2010) (holding that plaintiff could prove its case without addressing "essential questions of patent law. . . .").

Thus, the applicable legal test is not in controversy, much less the source of any conflict. And, in any event, even if the district-court decisions were in conflict – which they are not – that conflict would not warrant this Court's review.

B. The petition seeks review of the fact-bound application of settled legal principles.

Landmark admits, as it must, that this Court already has established "the standards for determining when a case arises under 'an act of Congress relating to' patents so as to invoke the federal courts' exclusive jurisdiction under 28 U.S.C. § 1338." Pet. 9. As demonstrated above, there is no genuine division of authority as to that legal standard. Indeed, the court below *expressly agreed* with Landmark that "hypothetical" patent issues in a malpractice case do not support the exercise of federal jurisdiction. Pet. App. 19a. It simply disagreed with Landmark that the patent issues here are, in fact, hypothetical.

Landmark is thus left to seek fact-bound error correction – leading with the argument that its malpractice claims do "not require resolution of a substantial question of federal patent law." Pet. 10. But this Court does not sit to correct "the misapplication of a properly stated rule of law." S. Ct. Rule 10. And, in this case, there is no error to correct.

Contrary to Landmark's argument, the court of appeal correctly recognized that the patent-law issues in this case are not merely hypothetical. *See* Pet. 10-12. To recover on any of its claims, Landmark would have to establish that it in fact lost "valuable and pioneering patent rights," thereby presenting the array of patent-law issues outlined *supra* at p. 15.[4] The mere fact that the patent-law analysis would be necessary to resolve state *tort* claims, as distinguished from patent-*infringement* claims, does not defeat federal jurisdiction. This Court made that clear in *Christianson*, which held that federal jurisdiction

---

[4] Landmark has the same problem with its claim of lost licensing opportunities. It must prove, as an essential element of that claim, that the allegedly lost licensing opportunity was worth something – that it constitutes an injury-in-fact. The trial court would have to determine (a) whether and how the attorneys violated PTO rules, and (b) how those errors would have affected the theoretical licensing value of the pending application. The latter question inevitably would require the court to consider whether the pending application had any value at all – i.e., whether the divisional claims were patentable. After all, no one is going to pay to license a patent application unless convinced that the invention is worthy of patent protection in the first place, and confident that the PTO will in fact grant a patent on it.

is exclusive not only where patent law creates the cause of action, but also where, as here, "plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims." 486 U.S. at 809.

In disagreeing with the conclusion that the patent-law issues raised by its malpractice claims are not merely hypothetical, Landmark relies on two cases that address when an actionable claim is presented under the federal Declaratory Judgments Act, 28 U.S.C. § 2201. *See Aetna Life Ins. Co.* v. *Haworth*, 300 U.S. 227 (1937); *GAF Building Materials Corp.* v. *Elk Corporation of Dallas*, 90 F.3d 479 (Fed. Cir. 1996). The decision here does not conflict with those cases, even if resort to them by analogy made sense. Those cases merely stand for the unexceptional proposition that a justiciable "controversy must be definite and concrete, touching the legal relations of parties having adverse legal interests. [The dispute must be of] a real and substantial controversy admitting of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts." *Aetna Life*, 300 U.S. at 240-41. Landmark's claims satisfy those requirements and require assessment of substantial patent-law issues, as the courts below correctly held.[5]

---

[5] Contrary to Landmark's argument, no appellate decision suggests that the required analysis of patent issues in a state

(Continued on following page)

II. Landmark offers no other sound basis for further review.

Unable to muster a true conflict, Landmark claims that the decision below offends federalism principles and predicts dire consequences if review is denied. *See, e.g.*, Pet. 21-22. Neither Landmark's federalism objection nor its Cassandra-like prophecies are well founded, and neither justifies review in this Court.

A. The decision below respects the proper balance of federal and state interests struck by this court in *Grable*.

Landmark accuses the intermediate state court of failing to account for the impact of its decision on the balance between federal and state judicial responsibility, and thereby failing to honor this Court's decision in *Grable*. Pet. 18. But that accusation rests on a mischaracterization of the lower court's opinion.

The lower court did not, as Landmark suggests, "ignore" *Grable*. Rather, it provided a lengthy and detailed jurisdictional analysis that not only cited *Grable* repeatedly but also demonstrated a pervasive awareness of how *Grable* and other cases have struck the balance between the federal interest in adjudicating

---

law malpractice is "not precedential." Pet. 11, 23. The "substantial patent questions presented in the elements of causation and damages," Pet. App. 22a, would have to be determined as part of Landmark's malpractice claim. The resulting adjudications, like other judicial determinations, can either dictate or at least strongly inform the rights of the parties in future legal controversies.

substantial patent-law issues and the state interest in providing redress for professional negligence. *See* Pet. App. 9a, 15a-17a. The court below simply "disagree[d] with Landmark that *on the precise facts before us*, ceding jurisdiction to the federal court would upset the balance between federal and state judicial responsibilities." Pet. App. 22a (citing *Grable*; emphasis added). And, in any event, this Court held in *Grable* that the federal interests there were "sufficiently substantial to support the exercise of federal question jurisdiction" and "would not distort any division of labor between the state and federal courts, provided or assumed by Congress." 545 U.S. at 310. That is true here, too.

Landmark's argument to the contrary ignores that the court below gave careful attention to the relevant state interests by examining the requirements of Landmark's state-law claims. The court recognized that California law itself makes patent law issues essential – in other words, that the State itself had directed focus on federal law in some patent-malpractice cases as part of the duty-of-care, "but for" causation, and damage elements. Pet. App. 15a-17a. Federal jurisdiction poses no "disruptive portent" to state interests when the State itself makes patent issues pivotal to its tort claims for professional negligence, legal malpractice, and breach of fiduciary duty. *See* Pet. 18 (quoting *Grable*, 525 U.S. at 314).

Recognizing federal jurisdiction under those circumstances does not transfer to an inappropriate venue the power to fashion "the standard of care for attorneys representing clients in patent-related

matters," as Landmark claims. *See* Pet. 20-21. To the contrary, committing those questions to a federal court when substantial issues of patent law are involved fulfills the directives of Congress while doing no disservice to the development of state negligence law as applied to professional conduct in the specialized field of patent law. Indeed, there is a strong "federal interest in the adjudication of patent infringement claims" that inures to the benefit of litigants by ensuring that substantial patent-law issues are adjudicated by "federal judges who have experience in claim construction and infringement matters." *Air Measurement*, 504 F.3d at 1272.[6]

While some issues of state law may travel into federal court too, this is the natural consequence of this Court's decision in *Christianson*, which expressly authorizes federal jurisdiction over state-law causes of action that require the determination of one or

---

[6] Contrary to Landmark's suggestion (at Pet. 21, 23-24), there is nothing troubling from a federalism perspective about the Federal Circuit's substantive law holding in *Carter* v. *ALK Holdings, Inc.*, 605 F.3d 1319, 1323-25 (Fed. Cir. 2010), that "the [Patent Regulations and Rules concerning conflicts] established John Doe I's expected fiduciary duties to his clients." A defendant's failure to conform his conduct to a statutory standard or rule is a technique that is sometimes employed to ascertain the defendant's duty of care, standard of care, or both. *See Elsner* v. *Uveges*, 34 Cal.4th 915, 927 n.8 (2004). When "sensitive judgments about Congressional intent" call for federal jurisdiction, there is nothing objectionable in allowing the federal court to determine state negligence standards, especially when state law directs the court to federal patent law. *Grable*, 545 U.S. at 318-19.

more significant patent-law issues, even though the cause of action was not created by Congress.[7]

B. There is no uncertainty in the law requiring clarification by this Court and no need for this Court's review now.

Landmark insists that absent review now, future cases will all be channeled into the Federal Circuit and no conflict will ever develop. Pet. 16. But that argument only confirms that no conflict exists *now* for this Court to resolve. Moreover, neither federal nor state courts have rotely dispatched all patent-malpractice cases into federal court – so both state and federal appellate courts will continue to scrutinize where federal jurisdiction is warranted, and where it is not, based on the facts of the particular cases before them.[8]

---

[7] Landmark implies that there is something untoward if review of patent-law malpractice cases becomes centralized before "a single circuit." Pet. 21. But Congress created the Federal Circuit in order to achieve uniformity by channeling substantial patent-law issues to a single circuit with specialized expertise.

[8] In California, for example, state appellate courts have consistently applied the same rules governing federal jurisdiction under § 1338, though they have naturally found that case-specific circumstances counsel different ultimate outcomes on the existence of federal jurisdiction. *Compare Lockwood* v. *Sheppard, Mullin, Richter & Hampton*, 173 Cal.App.4th 675, 687 (2009), *and Holiday Matinee*, 118 Cal.App.4th at 1426-27, *with Linear Technology Corp.* v. *Applied Materials, Inc.*, 159 Cal.App.4th 115, 126-27 (2007).

Nor is there any "uncertainty over which court has jurisdiction" that this Court needs to clarify. *See* Pet. 7. Although the petition does not acknowledge it, two different courts held that it was foreseeable to Landmark when it filed its suit that its claims belonged in federal court. *See supra* at pp. 5, 8-9. And what was foreseeable to Landmark before it sued in late 2005 became even more manifest in February 2006 when Pennie & Edmonds filed its answer and asserted lack of state court subject matter jurisdiction as an affirmative defense. If any future plaintiff is genuinely and legitimately confused about the proper forum for its malpractice claim, that plaintiff has recourse. It can protectively file in both federal and state court, or secure an early adjudication after filing in only one venue.[9]

Landmark weakly complains that malpractice plaintiffs may be able to use their complaint-drafting control to influence whether claims land in federal or state court. Pet. 21. But for nearly a century this Court has vindicated the rule that the plaintiff is the

---

[9] Here, for example, Landmark could have secured an early adjudication by demurring to the affirmative defense of lack of jurisdiction. *See* California Code of Civil Procedure §§ 430.40(b) (a party who filed a complaint may demur to the answer within ten days of service of the answer), 430.50(b) ("A demurrer to an answer may be taken to the whole answer or to any one or more of the several defenses set up in the answer."). But Landmark did not do so and, moreover, resolution of the jurisdictional issue was deferred because some of the claims were submitted to arbitration, the remaining claims were stayed, and the jurisdictional issue was not addressed until the stay was lifted.

master of its complaint. *See The Fair* v. *Kohler Die & Specialty Co.*, 228 U.S. 22, 25 (1913) ("[The] party who brings a suit is master to decide what law he will rely upon"). A plaintiff pleads its way into federal court when it triggers *Christianson*'s second test for federal jurisdiction. It is fitting to hold Landmark to the consequences of its own pleadings, which raise substantial issues of federal patent law over which Congress has provided for exclusive federal jurisdiction.

If there truly is a lack of clarity about the proper application of § 1338(a), the issue will recur in other cases and crystallize into a clear legal question over time. But the intermediate state-court decision in this fact-bound case certainly does not warrant review now.[10]

---

[10] Indeed, this Court recently denied a petition presenting a related question, i.e., "[w]hether the [court] erred by asserting federal patent jurisdiction over a single state law claim of legal malpractice in which at least one theory of the claim does not rely upon a substantial question of federal patent law." Pet. in *Daniels* v. *McDowell*, No. 09-1413, at i (cert. denied Oct. 4, 2010).

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

STEVEN A. HIRSCH
Counsel of Record
KEKER & VAN NEST, LLP
710 Sansome Street
San Francisco, California 94111
(415) 391-5400
shirsch@kvn.com

Counsel for Respondents